

A. Target Population

The first thing you need to do before setting up an AFI Project is to analyze the asset-building needs of your target community and the community context (such as existing asset-building activities). This analysis will help you learn how your AFI Project can fit in, to fill gaps. As you do this assessment, keep AFI program requirements in mind.

AFI Program Factors

There are two key factors to consider when assessing whether and where to start an AFI Project: geographic location and participant income.

Factor 1. Geographic Location

OCS is particularly interested in supporting AFI Projects that target localities where economic conditions indicate a need for asset-building opportunities. Specifically, OCS hopes to support AFI Projects targeting one or more well-defined neighborhoods or communities with documented high rates of poverty or unemployment.

When considering a geographic location:

- **Remember Your Organization's Mission and Goals.** Many organizations have a mission that identifies a geographic location within which they work. Others may set goals and objectives that lend to a specific geographic definition. These established limitations are the best place to start when determining the locations for recruiting participants and offering services.
- **Choose Locations Where Your Organization (and Partner Agencies) Already Provides Services.** Because your organization has established ways of working in these locations, you can often achieve cost savings in the AFI Project budget because you will not need to create new modes of delivering services.
- **Concentrate on a Specific Area (or Areas).** If your organization could target one neighborhood with substantial numbers of residents who are eligible to participate, it would reach its account-opening goals without spreading resources for marketing and outreach too thin. There are other advantages of geographic proximity for program participants. For example, it often is easier for families to attend workshops and events in their neighborhood. If your organization is developing a Network or collaborative approach, where multiple groups will provide AFI Project services in numerous different localities, each subcomponent project should serve a relatively well-defined target community.

Factor 2. Participant Eligibility

As you define the target group for the project, you will want to keep in mind the AFI participant eligibility requirements. A person is eligible to participate if they meet one of the following two major criteria:

1. They are eligible for the Temporary Assistance for Needy Families (TANF) program at the time of application.

OR

2. They meet both of the following two sub-criteria:
 - A. Their household income is either less than twice the Federal poverty line at the time of application or within Federal Earned Income Tax Credit limits.^{*}
 - B. Their household net worth was less than \$10,000 at the end of the calendar year that preceded the time of their application.[†]

All AFI Project families must have a source of earned income during the savings period. (Note: EITC is counted as earned income.) This is because they may save only earned income in their IDAs, reflecting the program's philosophy that work is central to success in achieving financial stability

TIP: CFED has created a template for typical forms used in an IDA program, including one that has a comprehensive list of asset and liability items that are needed for the client net-worth test. To access these forms, go to <http://idanetwork.cfed.org/>.

Steps to Understanding Your Target Population

While organizations interested in asset building typically have a history of working with low-income clients, successful AFI grantees still must examine needs more closely during the program design stage to determine *what* needs exist and *how* to meet them. Findings can be revealing – even for an experienced agency. One grantee found from interviews with staff that a subset of its clients was so unstable – and had such low incomes – that they were unlikely to be successful candidates for IDAs without more long-term support.

Poverty and unemployment rates for your community can be found at several government Web sites such as the U.S. Census Bureau (<http://www.census.gov/>) and the Department of Labor (<http://www.dol.gov>). Other methods of describing high rates of poverty include identifying

^{*}Twice the poverty level, in 2004, is about \$37,000 for a family of four. Appendix A includes additional information about the poverty line and the Earned Income Tax Credit eligibility for households of various sizes.

[†]Household net worth is the amount of assets owned by all household members minus their debts. Clients may disregard the value of their primary home and one car when calculating their household net worth.

the rate of Temporary Assistance to Needy Family (TANF) recipients in the total population of the community (see http://www.acf.hhs.gov/programs/fbci/progs/fbci_tanf.html for information on TANF programs) or describing the underemployment experience in the community (this information can also be found from the above sources). Yet another indicator is the usage rate of the Earned Income Tax Credit (EITC).

Consider the additional topics and questions below to further describe your target population, their needs, and the likelihood that they can complete training, save, and be successful participants in this program. The information gleaned from this process will be valuable as you design other components of your project.

Demographic Information

Are you working with distinct ethnic or racial groups? Is there a preponderance of one type of household composition you will be targeting (e.g., female single heads of household, single fathers with noncustodial children, families with members who are incarcerated, married couples)? What are the general employment opportunities for your target population? What level of education does your audience possess?

“I almost can’t imagine starting an AFI Project if I didn’t have a clear understanding of the needs of low-income people in the area being served. If you don’t know that, you’re going to have a very steep learning curve.”

—An official of a statewide AFI Project Network

Savings Capacity

What is a typical budget for essential living expenses in the target community? Given the average incomes in the area, would your target families have money for saving in their IDA once their basic expenses are met? About how much could they reasonably save each month?

Asset Acquisition

What are the rates of homeownership, small-business ownership, and attainment of post-secondary education credentials among your target population? How could you gauge the demand for these asset goals among your target population? Could your AFI Project participants also work with a homeownership program managed by a partner organization? Could they be coordinating with a microbusiness development project managed by a local community development corporation?

Credit and Debt Management

What is the likelihood that your audience can successfully save and stay out of debt, as reflected in trends in their debt usage and credit history? Are participants likely to need credit counseling and debt repayment support? Will they need help establishing a credit history and managing mortgage payments?

Banking History

What is the rate of bank account ownership among your target population? What type of access to basic banking services does your target population have? What is the use of check-cashing establishments among your target population?

Additional Barriers

What are some challenges typically faced by your target population outside of income and asset considerations? Barriers such as illiteracy, lack of access to child care, lack of stable employment or sufficient job training, transportation, or other social service needs may affect an individual's ability to participate in an AFI Project. Any resources in your community that you can access to help mitigate these needs will be important for your organization's program design.

TIP: See Appendix C for information on specific tools you may use for collecting data on your target population and community.

Community Context

Part of understanding your target population is learning about the community context within which participants will be saving and purchasing assets. First, you will want to determine if there are other asset-building programs already available in your community. Then, you will want to explore financial resources and possible funding sources. Finally, you will want to ask the critical questions related to whether the assets in your area are affordable for the participants to purchase.

Existing Asset-Building Programs

Are organizations in your community already offering IDAs to low-income people? (See the Project Locator on the OCS Asset Building website at <http://www.acf.hhs.gov/assetbuilding> for a list of currently-funded AFI Projects.) If so, it might be advantageous for you to partner with these organizations rather than duplicating services and competing for funding in your community.

Financial Services

Are there sufficient financial services available in your community to provide the basic elements of the IDA? Are there affordable savings accounts with convenient access for deposits? Are there affordable loan products for mortgages, school loans, and small-business loans?

Funding Sources

What organizations in your community, both public and private, would you be willing to approach to help raise the nonfederal funding portion of your AFI grant?

Homeownership

Will the savings and match provided with the IDA be sufficient for a down payment and closing costs for home purchase? Are potential clients in a position to learn the skills needed to not only purchase a home but also to maintain it and make payments over time? Is the typical monthly mortgage payment for a home in your community within the range of your target population's incomes? Is there a reasonable supply of housing in the affordable range for your target population from which individuals can make a purchase?

TIP: Many clients see an IDA as a way to reach the American dream – to make a down payment on their own home. AFI Projects typically assess housing affordability by looking at the “community context” to make sure an IDA is a practical tool for reaching the homeownership goal. In some high-cost housing areas, AFI Projects have found that housing, as least in the local market, was beyond the reach of prospective participants. In these markets, AFI Projects may encourage clients to change their asset goal of home ownership to higher education or micro-enterprise. Getting a better education can lead to a better job. Building assets through a business can be a bigger step toward future financial security, including a home purchase down the road. “We talk about moving up in careers to get more stability, more benefits, to enable you to be more independent,” says one AFI grantee.

However, keep in mind, homeownership may still be an option even in the most expensive markets. AFI Projects have been able to assist some clients with purchasing their own homes, even in areas such as New York City, largely by helping clients “layer” other homeownership resources (e.g., home rehabilitation programs, special low-interest mortgage loans) on top of the IDA funding.

Small Business

Are there reasonable opportunities for a microenterprise to thrive in your community? Are there complementary support programs to help people succeed as small business owners? Are there flexible loan products for micro-entrepreneurs accessible to your target population?

Education

Is there a diversity of two- and four-year degree programs as well as vocational training programs in your community for your target population? What portion of the total cost of these programs will the savings and match from the IDA cover? Will these students be able to access other loans and grants to pay for the rest of the program?